

April 4, 2016

Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, VA 22314

Re: Comments on NCUA 2017–2021 Draft Strategic Plan

Dear Mr. Poliquin:

The Credit Union National Association (CUNA) appreciates the opportunity to provide comments on the National Credit Union Administration's (NCUA) 2017 to 2021 Strategic Plan. The Strategic Plan directs agency operations and priorities through the 2017 to 2021 period and is significant for credit unions because these priorities often directly affect credit unions. CUNA represents America's credit unions and their more than 100 million members.

NCUA should carefully consider recommendations by CUNA and other stakeholders. As we stated in our January 17, 2014 comment letter addressing NCUA's 2014-2017 Strategic Plan, the agency needs to take more time to consider public comments before the Board approves a final Strategic Plan. A vote at the Board meeting following the closing of the comment period does not give the appearance of full consideration.

### **NCUA Rules and Regulations**

Over the last three years, CUNA has reviewed and commented on regulations that need improvement, at least twice, through NCUA's rolling one-third regulatory review and all four of NCUA's Economic Growth and Regulatory Paperwork Reduction Act (EGRPRA) requests for comment. We encourage the agency to develop a strategic initiative with metrics as part of the review process detailing the agency's success reviewing and addressing regulatory issues.

### **Relief from the Supervision Process**

Credit unions continue to need regulatory relief as the operation of small financial institutions continues to become more complex from regulations and market demands. NCUA's recent regulatory relief efforts have helped, but credit unions continue to feel increased regulatory burdens from the Consumer Financial Protection Bureau and other regulators. Unlike regulations, NCUA has the most control over how the agency constructs and conducts the supervision process for the vast majority of credit unions, which is where the strategic plan should focus on reducing supervisory burdens.

NCUA should develop a stated goal of reducing credit unions' time dedicated to the supervision process, develop a way to measure success and then strive to meet this goal and hold staff accountable to this goal. Although CUNA continues to advocate for resource saving initiatives, such as implementing the extended exam cycle, the agency should pursue the larger goal of a

percentage reduction in time and resources that credit unions must commit to NCUA's supervision process.

CUNA can certainly help NCUA with such an initiative. We have conducted a comprehensive regulatory burden study, which could be used as a baseline to measure any improvements that NCUA strives to make. Measurable resources and time saved at credit unions from the supervisory process would have a positive impact on most credit unions regardless of the operation structure and products offered.

### **Current NCUA Exam and Supervision Initiatives**

Every new and revamped NCUA requirement or process directed to credit unions should have the stated goal of being more efficient and less burdensome to credit unions. NCUA has started the process of updating the agency's Call Report and AIRES exam software. While we trust that NCUA is developing both with safety and soundness as a main goal, we also encourage NCUA to make supervisory efficiency for NCUA and more importantly, credit unions another primary goal.

NCUA should make a public commitment to moving forward with implementation of the extended exam cycle. CUNA's Examination and Supervision Subcommittee has had several productive meetings with NCUA staff on the necessity and expectation NCUA would have if the agency made an extended supervision cycle available for qualifying credit unions. Although the agency may not feel comfortable implementing the extended exam cycle immediately, we feel it is time to publicly commit to the extended exam cycle in the strategic plan and set an implementation date.

The agency should develop and state in the Strategic Plan, its goals for the implementation and operation of a revamped Call Report and AIRES software. Stating that software is due to be in service by a certain time is one of many operational goals that should be included in the strategic plan. The agency should state efficiency goals for each software package for NCUA staff and credit unions using the software. Again, these goals should require efficiency and be measurable.

Another initiative that should be part of the strategic plan is the development of greater offsite monitoring capability by NCUA staff. This could allow staff to spot supervisory issues earlier and require less NCUA staff onsite for exams and other supervisory related issues. This would increase staff efficiency by eliminating dead time related to staff travel and save travel expenses.

Lastly, NCUA should develop goals and metrics for improving the dual exam process for state-chartered credit unions. CUNA's state-chartered members report to us that there is often significant overlap of state and federal examinations. NCUA should set efficiency goals for dual examination and work with state regulators to implement efficiency measures. Any efficiency gained from these examinations could easily be measured and reported.

## **Conclusion**

The importance of NCUA's Strategic Plan is as significant for the agency as it is for credit unions, since it outlines the priorities and directions that the agency will take over the next few years. The objectives reflected in the plan are critical for credit unions as they feel the significant impact of regulation and supervision.

Credit unions need and deserve a regulatory and supervisory environment that will allow them to serve their members as their boards direct, without undue interference from the government. We urge the agency to fully consider the recommendations we are presenting in this letter and CUNA's seven regulatory review comment letters provided to the agency over the past three years.

Thank you for consideration of our concerns and recommendations. Please feel free to contact me if you have any questions or would like further information about this letter.

Sincerely,

A handwritten signature in cursive script that reads "J. Lance Noggle".

J. Lance Noggle  
Senior Director of Advocacy and Counsel